

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA GAS COMPANY for authority to update its gas revenue requirement and base rates. (U 904 G)	Application 02-12-027 (Filed December 20, 2002)
Application of SAN DIEGO GAS & ELECTRIC COMPANY for authority to update its gas and electric revenue requirement and base rates. (U 902-M)	Application 02-12-028 (Filed December 20, 2002)
Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Southern California Gas Company and San Diego Gas & Electric Company.	Investigation 03-03-016 (Filed March 13, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING
ADOPTING PROCEDURAL CHANGES FOR A PROPOSED SETTLEMENT**

In order to assist with the prompt and accurate preparation of a proposed decision in the above captioned proceedings filed by Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E), it is necessary to set a deadline for filing a "comparison exhibit" and to set a schedule for filing opening and reply briefs and either support or opposition to the Partial Settlement or Stipulation filed under Rule 51.1(a). Applicants informed the assigned Administrative Law Judge (ALJ) on November 26, 2003 of a Partial Settlement with some parties. Parties reported on December 1, 2004 that the negotiations failed to result in a settlement between all parties and the negotiations have not resolved all issues. This Ruling adopts a final schedule for the revenue requirement phase of this proceeding.

Rule 51.1(a) states that parties may “stipulate to the resolution of any issue of law or fact material to the proceeding, or may settle on a mutually acceptable outcome to the proceeding, with or without resolving material issues.” It appears that some “Settling Parties” will file a proposal that is either a partial settlement or a stipulation as defined by Rule 51. In consultation with the Assigned Commissioner we have determined that it is necessary to ensure that all interested parties provide a sufficient justification through briefs or other filings as described further in this Ruling to ensure that the Commission decision in this proceeding is able to clearly and adequately resolve all material issues necessary to find the Test Year 2004 revenue requirements to be just and reasonable.

Required Filings

After allowing a delay while parties attempted to negotiate a settlement for this proceeding, all parties, including both SoCalGas and SDG&E, and the Office of Ratepayer Advocates (ORA), are now directed to separately file to demonstrate (1) their positions either in Support or Opposition of the Partial Settlement or Stipulation, and (2) their positions as litigated for the evidentiary hearings, in light of the record for this proceeding. Any Commission approval or rejection of the proposed Partial Settlement or Stipulation will be in conformance with Rule 51.1(e), in that it must be “reasonable in light of the whole record, consistent with law, and in the public interest.”

Parties may not introduce new information or analysis that is not already in the evidentiary record.

Page Limit

No one party, including the applicants SoCalGas and SDG&E in a single filing, should exceed 350 pages, including all requirements of format and content

as prescribed by the Rules of Practice and Procedure. This limit does not apply to the Comparison Exhibit. Parties that address a limited number of issues should endeavor to proportionately limit their filing.

Comparison Exhibit

All parties were asked to submit to applicants by November 26, 2003 their best efforts final calculation of any proposed adjustment to applicants' request (their litigation positions) for test year 2004. Parties must promptly submit their numbers in the format provided by applicants in the Comparison exhibit for each Company, SoCalGas or SDG&E separately. Any party that is unable to finalize a proposed adjustment that would be argued in the brief, other than the adjustments already proposed in their witnesses' direct testimony, must provide an indicative estimate, with an adequate description, for inclusion in the Comparison Exhibit.

Rule 51.1(c) requires that:

"Parties may by written motion propose stipulations or settlements for adoption by the Commission in accordance with this article. The motion shall contain a statement of the factual and legal considerations adequate to advise the Commission and parties not expressly joining the agreement of its scope and of the grounds on which adoption is urged.

When a settlement pertains to a proceeding ... in which a comparison exhibit would ordinarily be filed, the settlement must be supported in a comparison exhibit indicating the impact of the proposal in relation to the utility's application. If the participating staff supports the settlement, it must prepare a similar exhibit indicating the impact of the proposal in relation to the issues it contested".

Applicants and the Office of Ratepayer Advocates (ORA) must therefore explain in detail the impact of the Partial Settlement or Stipulation. Exhibit 52, filed in

SDG&E's Application 91-11-024 for a test year 1993 is indicative of the requisite level of detail previously accepted by the Commission.

Applicants and ORA shall jointly serve electronically the Partial Settlement or Stipulation and Comparison Exhibit by 4:00 p.m. on December 19, 2003, and they must file hard copies with the Commission in conformance with Rule 2.3 and other applicable Rules of Practice and Procedure.

Changes In Schedule

As a result of a Partial Settlement or Stipulation between Applicants and some of the interested Parties that is in compliance with Rule 51.1, the following filings are now required as described below.

The Settling Parties request to file the Partial Settlement or Stipulation Agreement, Motion in Support and the Comparison Exhibit on December 19, 2003. This date is outside the limit of Rule 51.2 that limits a proposed settlement or stipulation to within 30-days after the last day of evidentiary hearings. The last day for these proceedings was November 14, 2003. This Ruling waives the application of Rule 51.2. This date will not be extended further.

Thirty days after filing the Partial Settlement or Stipulation, on January 20, 2004 the Settling parties shall file Opening Briefs on all issues as litigated prior to negotiation of the Partial Settlement or Stipulation between the Settling Parties.¹ Also on January 20, 2004 the Non-Settling parties shall file Responses to the Proposed Settlement, as allowed by Rule 51.4, addressing the settled issues.

¹ There is no intention to require participants to reveal the "give and take" of the negotiation process. These briefs should be filed as if there was no Partial Settlement or Stipulation.

On day 45 after filing the Partial Settlement or Stipulation, that is on February 4, 2004 the Non-Settling Parties shall file Opening Briefs on all litigation issues.

Sixty days after filing the Partial Settlement or Stipulation, that is on February 19, 2004 Settling Parties shall file both a Reply to the Non-Settling Parties' Responses to the Proposed Settlement or Stipulation and a Reply Brief to all Parties' Opening Briefs on litigation issues, including the other Settling Parties. Also on February 19, 2004 Non-Settling Parties shall file a Reply Brief addressing the Settling Parties' February 4 Opening Briefs. This ruling extends the time for Replies as allowed by Rule 51.4.

Parties shall serve all filings as electronic copies before 4:00 p.m. on the due dates and must also file hard copies with the Commission in conformance with Rule 2.3 and other applicable Rules of Practice and Procedure.

Settling After Evidentiary Hearings

The Proposed Settlement occurs only after completion of extensive evidentiary hearings and therefore it does not save parties or the Commission the time or the expense of hearings. The Settling Parties must address in their Motion in support of the Proposed Settlement why it is in the public interest and is the preferable outcome.

Standard Outline for Briefs

All parties shall file Opening and Reply Briefs utilizing the standard outline attached (Attachment A) developed by the parties during the evidentiary hearings. All filings shall use the same standard captions and numbering convention; if any party does not address an issue that heading and number may be omitted without further altering the numbering. Non-Settling Parties that file

Comments on the Partial Settlement or Stipulation shall conform to the captioning and numbering conventions as used in the filing and Motion.

Text Format Service

Parties must provide electronic copies of all filings to the assigned ALJ in a text format, readable in Microsoft Word, and not in a “pdf” Adobe Acrobat or similar format.

IT IS RULED that:

1. Parties shall file in Support of or Opposition to the Partial Settlement or Stipulation to demonstrate whether it is reasonable in light of the whole record, consistent with law, and in the public interest.
2. All filings, except for the Comparison Exhibit, shall not exceed 350 pages and shall otherwise comply with all requirements of the Commission’s Rules of Practice and Procedure.
3. Best effort final calculations of proposed litigation adjustments as discussed above were due to applicants, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E), from all parties on November 26, 2003.
4. SoCalGas and SDG&E and Office of Ratepayer Advocates (ORA) shall jointly electronically serve the Partial Settlement or Stipulation and a Comparison exhibit on December 19, 2003 on or before 4:00 pm.
5. SoCalGas and SDG&E, and ORA shall prepare a Comparison Exhibit in sufficient detail similar to Exhibit 52 in Application 91-11-024.
6. Opening Briefs by Settling Parties and Comments In Opposition to the Partial Settlement or Stipulation shall be served electronically on January 20, 2004 on or before 4:00 p.m.

7. Non-Settling Parties shall file Opening Briefs on all litigation issues on February 4, 2004 with electronic service on or before 4:00 p.m.

8. Reply Briefs on all matters are due on February 19, 2004 with electronic service on or before 4:00 p.m.

9. All documents are to be electronically served in a text format that can be opened by Microsoft Word and not an image in “pdf” file format.

10. In accordance with the electronic service protocols adopted in this proceeding no hard copy of this ruling will be served on parties.

11. All filings with the Docket Office shall be hard copies in conformance with the Commission’s Rules of Practice and Procedure and are due on the dates specified for electronic service.

Dated December 4, 2003, at San Francisco, California.

/s/ DOUGLAS M. LONG

Douglas M. Long
Administrative Law Judge

ATTACHMENT A
Page 1
COMMON BRIEFING OUTLINE FOR
SOCALGAS/SDG&E COST OF SERVICE PROCEEDING
A.02-12-027 / A02-12-028

1. Intro/Summary of Recommendations
2. Policy Issues
 - A. Evidentiary Standards and Burden of Proof
 - B. Base Year 2001 Adjustments
 - C. Adjustment Method To Derive Test Year 2004
 - D. Productivity Issues
 - E. Term for Rates Adopted In This Proceeding
 - F. Future Use of the Rate Case Processing Plan
3. Distribution Operations
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
 1. Electric Distribution
 2. Gas Distribution
4. Gas Transmission
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
5. Gas Storage (SoCalGas-Only)
6. Gas Engineering (SoCalGas-Only)
7. Customer Service
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
8. Information Technology
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
9. Business Solutions
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues

ATTACHMENT A
Page 2
COMMON BRIEFING OUTLINE FOR
SO CAL GAS/SDG&E COST OF SERVICE PROCEEDING
A.02-12-027 / A02-12-028

- 10. Administrative and General
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
- 11. Corporate Center Costs Allocated to Utilities
- 12. Shared Services
- 13. Procurement/Generation/Resource Planning
 - A. Common Issues
 - B. SoCalGas Issues
 - 1. Gas Resource Plan
 - 2. Gas Procurement Plan
 - C. SDG&E Issues
 - 1. Electric and Gas Resource Planning
 - 2. Procurement
 - 3. SONGS
 - 4. SONGS Fuel Cost Recovery
- 14. Employee Issues (generic employee-related issues)
 - A. 2004 Staffing Levels
 - 1. SoCalGas
 - 2. SDG&E
 - B. Compensation and Benefits
 - 1. SoCalGas
 - 2. SDG&E
 - B. Diversity
 - 1. SoCalGas
 - 2. SDG&E
 - C. Pensions
 - 1. SoCalGas
 - 2. SDG&E
 - D. PBOPs
 - 1. SoCalGas
 - 3. SDG&E

ATTACHMENT A
Page 3
COMMON BRIEFING OUTLINE FOR
SOCALGAS/SDG&E COST OF SERVICE PROCEEDING
A.02-12-027 / A02-12-028

15. Ratebase
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
16. Depreciation
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
17. Taxes
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
18. Miscellaneous Revenues
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
19. Sales and Customers
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
20. RD&D
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
21. Escalation
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues

ATTACHMENT A
Page 4
COMMON BRIEFING OUTLINE FOR
SOCALGAS/SDG&E COST OF SERVICE PROCEEDING
A.02-12-027 / A02-12-028

- 22. Audit & Accounting Issues
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
 - 1. Gain on Sale
 - 2. Reconciliation
- 23. Summary of Earnings/Results of Operations Model
 - A. Common Issues
 - B. SoCalGas Issues
 - C. SDG&E Issues
- 24. Other (issues litigated in this proceeding not addressed above.)

(END OF ATTACHMENT A)

CERTIFICATE OF SERVICE

I certify that I have by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Adopting procedural Changes for a Proposed Settlement on all parties of record in this proceeding or their attorneys of record.

Dated December 4, 2003, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.